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ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/5/08

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Assumption Association for Retarded Citizens, Inc.
Napoleonville, Louisiana

We have audited the accompanying statements of financial position of Assumption Association for Retarded Citizens, Inc. (a not for profit organization) as of June 30, 2008 and 2007 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Assumption Association for Retarded Citizens, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2008 on our consideration of Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Assumption Association for Retarded Citizens, Inc. taken as a whole. The accompanying schedules of support and revenue and functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Postlethwait + Netturilly

August 15, 2008

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS:</u>		
Cash and cash equivalents	\$ 326,618	\$ 215,565
Certificates of deposit	1,513,355	1,317,529
Accounts receivable	117,724	251,283
Interest receivable	14,860	20,235
Investments	530,545	548,782
Land, buildings, and equipment	<u>647,831</u>	<u>653,750</u>
TOTAL ASSETS	<u>\$ 3,150,933</u>	<u>\$ 3,007,144</u>
<u>LIABILITIES AND NET ASSETS:</u>		
Accounts payable	\$ 26,805	\$ 48,971
Salaries and payroll taxes payable	<u>27,563</u>	<u>24,167</u>
TOTAL LIABILITIES	<u>54,368</u>	<u>73,138</u>
<u>NET ASSETS:</u>		
Unrestricted	<u>3,096,565</u>	<u>2,934,006</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,150,933</u>	<u>\$ 3,007,144</u>

The accompanying notes are an integral part of these statements.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>REVENUES AND OTHER SUPPORT:</u>		
Public Support:		
Public contributions	\$ 5,911	\$ 4,143
Allocated by Capital Area United Way	15,804	19,564
Contributions from government agencies	2,119,199	2,123,045
Other Revenue:		
Membership dues - individual	440	535
Sales to public (net of expenses of \$28,737 and \$54,865, respectively)	142,164	159,282
Activity center services	89,208	102,116
Interest and dividend income	94,291	91,416
Net unrealized gain/(loss) on investments	(59,583)	36,782
Gain on sale of assets	3,000	734
Miscellaneous revenue	1,287	16,919
Total revenues and other support	<u>2,411,721</u>	<u>2,554,536</u>
<u>EXPENSES:</u>		
Residential Services		
Napoleonville Manor	339,012	323,103
Thibaut Manor	303,540	368,456
Day-Program Services		
Activity Center	424,576	556,218
Project Fund	135,027	166,047
Association Fund	8,590	14,142
Waiver Services	528,361	522,696
General and Administrative		
Central Office	510,056	398,529
Total expenses	<u>2,249,162</u>	<u>2,349,191</u>
Change in unrestricted net assets	162,559	205,345
Unrestricted net assets at beginning of year	<u>2,934,006</u>	<u>2,728,661</u>
Unrestricted net assets at end of year	<u>\$ 3,096,565</u>	<u>\$ 2,934,006</u>

The accompanying notes are an integral part of these statements.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 162,559	\$ 205,345
Adjustments to reconcile change in net cash provided by operating activities:		
Depreciation	97,944	81,110
Provision for bad debts	-	2,946
Gain on sale of assets	(3,000)	(734)
Unrealized (gain)/loss on investments	59,583	(36,782)
Decrease (increase) in accounts receivable	133,559	(640)
Decrease (increase) in interest receivable	5,375	(4,267)
(Decrease) increase in accounts payable	(22,166)	31,304
Increase (decrease) in salaries and payroll taxes payable	3,396	(6,591)
Net cash provided by operating activities	<u>437,250</u>	<u>271,691</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net increase in certificates of deposit	(195,826)	(87,767)
Purchases of investments	(131,482)	(27,376)
Sales of investments	90,034	-
Purchases of property and equipment	(91,923)	(67,238)
Cash received from sales of property and equipment	3,000	800
Net cash used in investing activities	<u>(326,197)</u>	<u>(181,581)</u>
Net increase in cash and cash equivalents	111,053	90,110
Cash and cash equivalents at beginning of year	<u>215,565</u>	<u>125,455</u>
Cash and cash equivalents at end of year	<u>\$ 326,618</u>	<u>\$ 215,565</u>

The accompanying notes are an integral part of these statements.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The Association is a non-profit organization formed to furnish education and recreation to the mentally retarded and handicapped persons of Assumption Parish. The Association is solely dependent upon appropriation from State agencies and other contributions.
- B. To ensure proper usage of restricted and unrestricted assets, the Association maintains its accounts according to generally accepted accounting principles, whereby funds are classified in accordance with specified restrictions or objectives.
- C. Buildings and equipment are recorded at cost and are being depreciated using accelerated and the straight-line methods over their estimated useful lives as follows:

Buildings	30 - 40 years
Transportation equipment	5 years
Other equipment	5 - 10 years

- D. Management considers accounts receivable that are more than 30 days old to be past due. Additionally, management has determined that accounts receivable that are more than one year old may not be collectible. Therefore, the reserve for uncollectible accounts is based upon the balance of receivables that are more than one year old. Management has determined that all receivables as of year end are collectable.
- E. The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.
- F. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

- G. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- H. The Association considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.
- I. The Association is exempt from the income taxes under section 501 (c) (3) of the Internal Revenue Code and is not considered a private foundation.
- J. Expenses are charged directly to programs in categories based on specific identification. Indirect expenses have been allocated based on total expenses for each program.
- K. Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

2. Cash

At June 30, 2008, the carrying amount of the Association's deposits consist of Checking Accounts and Money Market Accounts totaling \$1,839,973 and the bank balance was \$1,856,149. Of this bank balance, \$1,190,498 was covered by federal depository insurance and \$550,354 was uninsured.

3. Investment Securities

Investments are stated at fair value and consist of the following at June 30, 2008 and 2007.

	<u>2008</u>	<u>2007</u>
Money market funds	\$ 182,979	\$ 167,081
Mutual funds	347,566	381,701
	<u>\$ 530,545</u>	<u>\$ 548,782</u>

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

4. Contributions from Government Agencies

Contributions from government agencies at June 30, 2008 consist of the following:

	Napoleonville Manor	Thibaut Manor	Activity Center	Waiver Services	Total
Title XIX	\$ 462,359	\$322,462	\$ -	\$ -	\$ 784,821
Patient Liability	47,800	46,055	-	-	93,855
OMR	-	-	6,496	-	6,496
Waiver Contract	-	-	416,003	756,110	1,172,113
Department of Transportation Grant	25,309	36,605	-	-	61,914
Total	<u>\$ 535,468</u>	<u>\$405,122</u>	<u>\$422,499</u>	<u>\$ 756,110</u>	<u>\$2,119,199</u>

Contributions from government agencies at June 30, 2007 consist of the following:

	Napoleonville Manor	Thibaut Manor	Activity Center	Waiver Services	Total
Title XIX	\$ 373,499	\$394,336	\$ -	\$ -	\$ 767,835
Patient Liability	55,082	54,685	-	-	109,767
OMR	-	-	22,988	-	22,988
Waiver Contract	-	-	415,785	772,108	1,187,893
Department of Transportation Grant	34,562	-	-	-	34,562
Total	<u>\$ 463,143</u>	<u>\$449,021</u>	<u>\$438,773</u>	<u>\$ 772,108</u>	<u>\$2,123,045</u>

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS

5. Buildings and Equipment

Buildings and equipment at June 30, 2008 and 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Building	\$ 1,030,087	\$ 1,023,556
Transportation equipment	358,687	341,552
Furniture and equipment	227,105	232,211
Construction in Progress	<u>3,793</u>	<u>-</u>
	1,619,672	1,597,319
Less: Accumulated depreciation	<u>(971,841)</u>	<u>(943,569)</u>
	<u>\$ 647,831</u>	<u>\$ 653,750</u>

Depreciation expense was \$97,944 and \$81,110 for the years ended June 30, 2008 and 2007, respectively.

6. Retirement Plan

The Association adopted a Simple IRA retirement plan effective July 1, 1997. The plan covers all full time employees. The Association matches the employees' contributions up to 3% of their compensation. The Association's contributions for the year ended June 30, 2008 and 2007 were \$12,480 and \$12,735, respectively.

SUPPLEMENTARY INFORMATION

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULES OF SUPPORT AND REVENUE
YEARS ENDED JUNE 30, 2008 AND 2007

	Napoleonville Manor		Thibaut Manor		Activity Center		Project Fund	
	2008	2007	2008	2007	2008	2007	2008	2007
Public Support:								
Public contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 455	\$ 289
Allocated by Capital Area United Way	1,699	1,227	1,699	846	969	12,935	4,479	3,709
Contributions from governmental agencies	535,468	463,143	405,122	449,021	422,499	438,773	-	-
Other Revenue:								
Unrealized gain (loss) on investments	(5,218)	3,244	(15,690)	9,662	-	-	-	-
Membership dues	-	-	-	-	-	-	-	-
Sales to public (net of expenses)	-	-	-	-	-	-	142,164	159,282
Activity Center services	-	-	-	-	89,208	102,116	-	-
Interest and dividend income	5,664	5,684	33,473	34,689	-	166	191	126
Gain (loss) on sale of assets	-	(13)	-	-	3,000	(53)	-	-
Miscellaneous	-	8,286	-	-	-	-	-	-
Total Public Support and Other Revenue	\$ 537,613	\$ 481,571	\$ 424,604	\$ 494,218	\$ 515,676	\$ 553,937	\$ 147,289	\$ 163,406

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
SCHEDULES OF SUPPORT AND REVENUE
YEARS ENDED JUNE 30, 2008 AND 2007

	Association Fund		Waiver Services		Central Office	
	2008	2007	2008	2007	2008	2007
Public Support:						
Public contributions	\$ 5,456	\$ 3,854	\$ -	\$ -	\$ -	\$ -
Allocated by Capital Area United Way	-	-	2,067	847	4,891	-
Contributions from governmental agencies	-	-	756,110	772,108	-	-
Other Revenue:						
Unrealized gain (loss) on investments	(6,209)	3,860	(32,466)	20,016	-	-
Membership dues	440	535	-	-	-	-
Sales to public (net of expenses)	-	-	-	-	-	-
Activity Center services	-	-	-	-	-	-
Interest and dividend income	5,616	7,532	49,347	43,219	-	-
Gain (loss) on sale of assets	-	-	-	800	-	-
Miscellaneous	440	8,595	847	-	-	38
Total Public Support and Other Revenue	\$ 5,743	\$ 24,376	\$ 775,905	\$ 836,990	\$ 4,891	\$ 38

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2008 AND 2007

	Napoleonville Manor		Thibaut Manor		Activity Center		Project Fund	
	2008	2007	2008	2007	2008	2007	2008	2007
Salaries	\$ 138,774	\$ 140,917	\$ 135,969	\$ 169,916	\$ 233,751	\$ 308,470	\$ 120,333	\$ 149,400
Employee benefits	377	668	844	1,620	7,329	25,868	-	-
Activity center services	50,540	49,364	38,668	52,752	-	-	-	-
Dues	-	-	-	-	-	-	-	-
Insurance	9,630	5,540	9,219	6,473	36,897	49,844	264	527
Office supplies	173	600	173	1,060	-	592	36	-
Auto expense	6,008	3,747	2,996	2,756	48,493	56,019	-	-
Postage	-	-	-	-	-	-	-	-
Professional services	6,240	4,416	5,458	5,018	-	-	-	-
Telephone	836	743	959	874	1,661	2,083	-	67
Training	-	-	-	-	-	120	-	-
Travel and entertainment	122	1,019	210	1,163	1,396	2,189	-	-
Food	20,171	19,348	20,472	20,384	-	114	-	-
Payroll taxes	10,312	10,508	10,044	12,687	17,672	22,466	9,076	11,364
Contract work	1,836	994	525	869	1,904	620	-	-
Other	4,584	3,773	3,702	3,669	279	255	-	7
Repairs & maintenance	407	779	2,395	5,001	6,627	4,563	-	505
Depreciation	25,603	17,632	19,462	13,715	37,589	39,404	4,451	4,177
Bad debts	-	-	-	2,946	-	-	-	-
Advertising	-	195	-	-	-	-	-	-
Utilities	6,543	6,413	7,586	8,336	20,493	21,754	-	-
Supplies	6,454	7,298	5,681	9,438	10,485	20,746	-	-
Tax Penalty	-	-	-	-	-	-	-	-
Medical services	7,617	10,026	6,767	8,753	-	1,111	867	-
Clothing	915	3,315	1,779	3,861	-	-	-	-
Bed fee	41,870	35,808	30,631	37,165	-	-	-	-
Total expense before central office	\$ 339,012	\$ 323,103	\$ 303,540	\$ 368,456	\$ 424,576	\$ 556,218	\$ 135,027	\$ 166,047
Central office overhead	\$ 78,054	\$ 55,390	\$ 89,010	\$ 68,542	\$ 134,369	\$ 104,405	\$ 40,113	\$ 29,887
Transfer to (from) other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ 120,547	\$ 103,078	\$ 32,054	\$ 57,220	\$ (43,269)	\$ (106,686)	\$ (27,851)	\$ (32,528)

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

SCHEDULES OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2008 AND 2007

	Association Fund		Waiver Services		Central Office	
	2008	2007	2008	2007	2008	2007
Salaries	\$ -	\$ -	\$ 476,436	\$ 476,038	\$ 286,315	\$ 169,968
Employee Benefits	244	538	3,728	1,351	14,945	12,983
Activity center services	-	-	-	-	-	-
Dues	2,688	4,367	-	-	350	275
Insurance	-	-	758	642	94,795	106,907
Office supplies	-	-	36	142	15,941	20,231
Auto Expense	-	-	389	260	-	-
Postage	-	-	-	-	1,807	2,001
Professional Service	-	5	492	178	35,167	45,783
Telephone	-	-	815	750	5,652	5,121
Training	-	-	-	-	-	-
Travel and entertainment	811	200	3,585	4,550	3,196	1,956
Food	1,710	1,644	-	40	-	474
Payroll Taxes	-	-	36,266	36,417	21,237	13,034
Contract Work	-	-	-	-	15,794	7,965
Other	3,132	7,311	600	668	22	331
Repairs and Maintenance	-	-	60	161	1,457	355
Depreciation	-	-	5,139	1,393	5,700	4,789
Bad debts	-	-	-	-	-	-
Advertising	-	-	-	-	90	1,210
Utilities	-	-	-	-	2,394	2,615
Supplies	5	77	57	106	5,194	2,233
Tax Penalty	-	-	-	-	-	298
Medical Services	-	-	-	-	-	-
Clothing	-	-	-	-	-	-
Bed fee	-	-	-	-	-	-
Total expense before central office	\$ 8,590	\$ 14,142	\$ 528,361	\$ 522,696	\$ 510,056	\$ 398,529
Central office overhead	\$ 37,348	\$ 2,391	\$ 126,271	\$ 137,876	\$ (505,165)	\$ (398,491)
Transfer to (from) other funds	\$ -	\$ (140,458)	\$ -	\$ -	\$ -	\$ -
Net Income (Loss)	\$ (40,195)	\$ 148,301	\$ 121,273	\$ 176,418	\$ -	\$ -

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Assumption Association for
Retarded Citizens, Inc.
Napoleonville, Louisiana

We have audited the financial statements of Assumption Association for Retarded Citizens, Inc. (a not for profit organization) as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated August 15, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Assumption Association for Retarded Citizens, Inc.'s internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned cost as item 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Assumption Association for Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Assumption Association for Retarded Citizens, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Assumption Association for Retarded Citizens, Inc.'s response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



August 15, 2008

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of Assumption Association for Retarded Citizens, Inc.
2. One significant deficiency relating to the audit of the financial statements is reported as 08-1.
3. No instances of noncompliance material to the financial statements of Assumption Association for Retarded Citizens, Inc. were disclosed during the audit.

FINDINGS – FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

08-1 Segregation of Duties

Condition: The performance of accounting procedures is limited to one person. Therefore, there is insufficient segregation of duties.

Criteria: Segregation of duties should be adequate to provide effective internal control.

Effect: The segregation of duties is inadequate to provide effective internal control.

Recommendation: No action is recommended. It would not be cost effective to increase the size of the staff to achieve effective segregation of duties.

Management's Response: We concur with the finding. We do have a small accounting staff, however, we have initiated procedures where the Board Members review disbursements for operations & payroll, adjusting entries, bank reconciliations and financial statements on a monthly basis. We believe we have established effective compensating controls where needed.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

Financial Statement Audit Significant Deficiencies

07-1 Segregation of Duties

Condition: The performance of accounting procedures is limited to one person. Therefore, there is insufficient segregation of duties.

Current Status: A similar finding was noted in the current year.

07-2 Controls over Period-end Financial Reporting Process

Condition: General Journal Entries are initiated and recorded by the financial supervisor. Such entries are not reviewed by anyone.

Current Status: All Journal Entries prepared and recorded by the financial supervisor on a monthly basis.

07-3 Access to the Accounting Software

Condition: When there is a planned absence of the financial supervisor, she will change her password to access to the accounting software. This password is given to two other office personnel who access the accounting software through the financial supervisor's user name.

Current Status: A separate user name and password to log in to the accounting software has been assigned to financial supervisor and employee personnel.

07-4 Review of Bank Reconciliations

Condition: Bank reconciliations are not being reviewed.

Current Status: Executive Director is reviewing the financial supervisor's bank reconciliations in a timely fashion.

ASSUMPTION ASSOCIATION FOR RETARDED CITIZENS, INC.

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

Financial Statement Audit Significant Deficiencies (continued)

07-5 Accounts Receivable

Condition: There is no reconciliation of accounts receivable billings and receipts for Waiver to the general ledger accounts receivable balances.

Current Status: Resolved. No similar findings in current year.

07-6 Audit Adjustments and Reclassifications

Condition: Several audit adjustments were made. The purpose of these adjustments was to record or adjust accrued revenues, accrued expenses, grant funds, and depreciation. Additionally, reclassifications and proper allocations were recorded through audit adjustments. Some of the audit adjustments were the result of the correction of fraudulent activity and other errors made by the previous financial supervisor.

Current Status: Resolved. No similar findings in current year.

07-7 Documentation of the Components of Internal Control

Condition: There is no documentation of the components of internal control. These components include the control environment, the Association's risk assessment, information and communication systems, control activities, and monitoring.

Current Status: Resolved. No similar findings in current year.

Management Letter Comments

ML 07-1 Use of Credit Cards

Finding: The Association uses four credit cards and has three separate credit card accounts. Credit card purchases account for a considerable amount of expenses of the Association. Additionally, the credit cards are used for personal expenses of the group home residents that are subsequently reimbursed to the Association.

Current Status: Resolved. The Board has initiated procedures to monitor credit card purchases by reviewing disbursements for operations, adjusting entries, bank reconciliations and financial statements on a monthly basis.